

Role of financial analysis in organization management system

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Abstract

© Medwell Journals, 2015. This study considers methodological aspects of analyzing financial statements for internal users, objective peculiarities of analysis as a Cognition Method were discovered, its advantages and limitations were defined as well as the reasons of decrease of popularity of performing complex analysis at Russian enterprises; inter alia, the range of essential and conjectural reasons was named. We detached key tasks of performing analysis of accounting reports for internal users who take managerial decisions. We compared methods of decision-making on the base of financial information and key indicators of activity, we defined the possibilities and limitations of technology of taking managerial decisions based on KPI. Exemplified by real existing enterprise "Nizhnekamskmashina" OJSC and its financial statements, we suggested methodological variant for analyzing main financial indices for solving various tasks of enterprise management. It was demonstrated that at correct initial set of analytical task and identification of indices, the quality of total summary increases and the process of analysis becomes easier. Then, we demonstrated possibilities of express analysis for development and correction of financial policy and groundings for managerial decisions. Finally, we provide recommendations for performing analysis for the usage in organization.

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Keywords

Analysis of financial statements, Annual report, Balance sheet, Financial indicators, Financial statements, Integrated reporting, KPI-based management, Users of analysis' results